

Statement of Considerations

REQUEST BY NORTHERN INDIANA PUBLIC SERVICE COMPANY, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER LOCKHEED MARTIN ENERGY RESEARCH CORPORATION SUBCONTRACT NO. 4500013009, UNDER DOE PRIME CONTRACT DE-AC05-96OR22464; DOE WAIVER DOCKET W(A)-00-006; [ORO-750]

Northern Indiana Public Service Company (NIPSCO) has made a request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Lockheed Martin Energy Research Corporation (LMER) Subcontract No. 4500013009; Department of Energy (DOE) Contract DE-AC05-96OR22464. This request was originally submitted by NIPSCO on September 28, 1999 with NIPSCO's proposal to LMER, however, the waiver request was not forwarded at that time to DOE. Accordingly, NIPSCO has resubmitted its waiver request directly to DOE. The overall scope of work is to develop technologies to enhance the operation of highly varying industrial loads thereby increasing electric reliability, quality, and economics. This work is sponsored by the Office of Industrial Technologies.

The dollar amount of the subcontract effort has an estimated value of \$427,980 with NIPSCO cost sharing \$85,596 or about 20%. The period of performance is from November 22, 1999 to June 30, 2000.

NIPSCO, a subsidiary of NiSource Inc., is a regulated utility that provides natural gas service to nearly 700,000 customers and electrical service to 416,000 customers across the northern third of Indiana. NIPSCO is the largest natural gas distribution company and the second-largest electric distribution company in the state of Indiana. In addition, NiSource, Inc. has devoted approximately 10 years to understanding the issues of the subcontracted research effort. Therefore, NIPSCO's experience and market position will contribute substantially to commercialization of the inventions made under the subcontract.

NIPSCO has agreed to the standard DOE waiver terms and conditions including march-in rights, retention by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

NIPSCO agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless NIPSCO can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. NIPSCO further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring

rights to any waived invention, including subsequent assignees or licensees. Should NIPSCO or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition and market concentration. The technology has not been commercially demonstrated and must compete with already existing technologies.

Granting of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by NIPSCO and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



Emily G. Schneider
Assistant Chief Counsel for
Intellectual Property

Date: 3/2/00

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:

APPROVAL:

Patricia A. Hoffman
EE/Office of Industrial Technologies
Program Manager

Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date: _____

Date: _____

and a period of 30 days, or such longer period as the Secretary or his designee shall determine for good cause shown in writing, to show cause why the waiver of rights should not be so terminated. Any waiver termination shall be subject to the Contractor's minimum license as provided in paragraph (e) of this clause.

(r) **Atomic Energy.** No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(s) **Publication.** It is recognized that during the course of work under this contract, the contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the contractor, approval for release of publication shall be secured from Patent Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the contractor, Patent Counsel may waive the right of prepublication review.

(t) **Forfeiture of rights in unreported subject inventions.**

(1) The Contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any subject invention which the contractor fails to report to Patent Counsel within six months after the time the contractor: (I) Files or causes to be filed a United States or foreign patent application thereon; or (ii) Submits the final report required by paragraph (e)(2)(ii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the Contractor: (I) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or (ii) Contending that the subject invention is not a subject invention, the Contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or (iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(u) **U. S. Competitiveness.** The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

(End of clause)